



Wednesday 23 July 2014

SKIPTON'S SALE OF HOMELOAN MANAGEMENT LIMITED SIGNALS 'SIGNIFICANT NEW BUSINESS OPPORTUNITIES'

Skipton Building Society today announces the sale of Homeloan Management Limited (HML), its mortgage servicing subsidiary, in a deal signalling positive opportunities for both businesses.

Contracts have been exchanged with Computershare Limited, a UK subsidiary of the ASX listed global market leader in transfer agency and share registration, employee equity plans, proxy solicitation and stakeholder communications.

Completion is conditional upon regulatory approval. In exchange for the sale of its 100% shareholding, Skipton will receive an initial consideration of £47.5m, plus an adjustment for surplus working capital, together with potential additional payments based on revenue growth in 2015 and 2016. The initial consideration will generate a profit in the order of £26m to be recognised in Skipton's results in the second half of this year.

This follows a 26 year period in which Skipton established and grew HML to become one of Europe's leading third party mortgage administrators. Computershare is already an established player in the USA mortgage servicing market, having acquired Specialized Loan Servicing in 2011.

For HML, it marks the start of a new era which will enable it to better capitalise on the market opportunities which are clearly developing.

For Skipton, it enables it to further focus on growing its core business of mortgages and savings, and investing in the products and services provided to its members. Skipton will shortly announce its Interim Results for the six months ended 30 June 2014.

Skipton Group Chief Executive David Cutter said: "HML has been a major success story for Skipton of which we are very proud. However, we anticipate major growth opportunities arising in the mortgage outsourcing market which are best seized by the investment from a large multinational company. We believe Computershare will be an ideal new owner for HML and I wish all staff at HML the very best for the future."

HML's head office will remain in Skipton and continue to be led by Andrew Jones.

Skipton Building Society, Principal Office: The Bailey Skipton, BD23 1DN

Skipton Building Society is authorised and regulated by the Financial Services Authority under registration number 153706.

Skipton Building Society is a member of the Building Societies Association and Financial Ombudsman Service.

Scarborough Building Society, Principal Office: Prospect House, Lake View, Eastfield, Scarborough, North Yorkshire, YO11 3YU

Scarborough Building Society is authorised and regulated by the Financial Services Authority under registration number 206062.

Scarborough Building Society is a member of the Building Societies Association and Financial Ombudsman Service.

Andrew Jones, Chief Executive Officer at HML, said: "I am delighted that HML and Computershare will be working together, and Computershare becoming our parent company is excellent news for the business and those who work at HML.

"Computershare is committed to investing in and growing HML, allowing us to continue to be the leading third-party mortgage administration company in the UK and Ireland. With the desire to grow the business and develop the specialist expertise that HML has, it's clear to me that culturally we are much aligned with Computershare.

"HML has had 25 years of successfully delivering value to clients, customers, our people and Skipton Building Society, and this deal will secure the future of the company for many more years to come."

Skipton was advised by Deloitte LLP.

ENDS

For further information, or to arrange interviews, please contact the Skipton Press Office on 08456 017247, email newsline@skipton.co.uk or visit the press section of our website at www.skipton.co.uk.



Follow us on Twitter: @SkiptonBS_press

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Editors' notes

About Skipton Building Society

- ♦ Skipton is the UK's fourth largest building society, with over 763,000 customers, £14.5bn of assets and a national presence represented by its network of branches and agencies. It heads the Skipton Building Society Group, whose subsidiary companies have significant interests in estate agency and related businesses (through the Connells group); and a number of financial advice providers, including Skipton Financial Services.
- ♦ Skipton's mortgages and savings were independently endorsed with 586 independent media best buy table mentions during the course of 2013;
- ♦ The Society has been declared the Best Buy to Let Mortgage Provider for 2014 at the Business Moneyfacts awards and Best Junior/Children's Savings Provider for 2013/2014 at The Personal Finance awards. In 2014 Skipton also scooped the Savings Innovation Award at the Savings Champion Awards 2014 and was highly commended in the Best Fixed Rate ISA Provider and Best Children's Account Provider;
- ♦ And it recently won a silver award for Charity Support the in the International CSR Excellence Awards 2014 for its programme of active community engagement called Grassroots Giving, which will see it awarding 161 funding pots of £500 to small clubs and societies which do much good but are typically overlooked by mainstream funding sources.

About Homeloan Management Limited

- ♦ HML currently has approximately £37 billion of managed assets and 50 major clients, including banks and building societies. In addition, HML provides 'standby' services to a further £60 billion of assets.

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- ◆ In August 2013, Fitch announced that HML's UK residential primary (prime and sub-prime) servicer ratings have been upgraded to RPS1- from RPS2+. HML's new RPS1- primary (prime) servicer rating is the highest of any third-party mortgage administration company in the UK and Ireland. Its RPS1- primary (sub-prime) rating is the highest in Europe.
- ◆ Fitch affirmed HML's Irish residential mortgage primary servicer ratings for both prime and sub-prime at RPS2, while its UK special servicer rating was affirmed at RSS2.
- ◆ In August 2013, S&P revised the outlook of HML's primary servicing of residential mortgages in the UK from stable to positive. It also affirmed the above average rankings for HML as a primary and special servicer of UK residential mortgages, and as a primary servicer of residential mortgages in Ireland.
- ◆ In addition, HML's stable outlook was affirmed for the special servicing of UK mortgages and the primary servicing of Irish residential mortgages.

About Computershare Limited (CPU)

- ◆ Computershare (ASX: CPU) is a global market leader in transfer agency and share registration, employee equity plans, proxy solicitation and stakeholder communications. It also specialises in corporate trust, mortgage, bankruptcy, class action, utility and tax voucher administration, and a range of other diversified financial and governance services.
- ◆ Founded in 1978, Computershare is renowned for its expertise in high integrity data management, high volume transaction processing and reconciliations, payments and stakeholder engagement. Many of the world's leading organisations use us to streamline and maximise the value of relationships with their investors, employees, creditors and customers.
- ◆ Computershare is represented in all major financial markets and has over 14,000 employees worldwide. For more information, visit www.computershare.com

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